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Ad Hoc Meeting on Tungsten

REPORT OF THE AD HOC MEETING ON TUNGSTEN

Held at the Palais des Nations, Geneva
from 2 to 3 July 1992

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INTRODUCTION

1. The Ad Hoc Meeting on Tungsten took place in Geneva at the Palais des Nations from 2 to 3 July 1992. In the course of the session, there were two plenary meetings.

Opening statement

2. The Deputy Director of the Commodities Division recalled that the Committee on Tungsten, at its twenty-third session, had requested the convening of the Ad Hoc Meeting for the purpose of considering project proposals by Governments and industry which could be submitted for possible financing under the Second Account of the Common Fund for Commodities. To this end, the Committee had adopted criteria and procedures for the appraisal of such projects. Furthermore, Committee members had agreed to provide China with written comments on its project proposals presented at the twenty-third session. On the basis of these comments, China had been invited to prepare a revised version for circulation to members of the Committee. A number of such comments had been received and the resulting revision had been issued in TD/B/CN.1/TUNGSTEN/AC.2. Likewise, following a presentation by the International Tungsten Industry Association (ITIA) of its project proposals, the Committee had invited ITIA to submit complete project proposals for consideration and these were also before the Ad Hoc Meeting in TD/B/CN.1/TUNGSTEN/AC.3.

3. He then drew attention to institutional changes as a result of the decision taken at UNCTAD VIII to suspend all the existing Committees of the Trade and Development Board and, in consequence, their subsidiary bodies. Subsequently, at the second part of its thirty-eighth session, the Trade and Development Board, in adopting the terms of reference for the new Standing Committee on Commodities, had decided that: "To assist it in its work, the Committee may have, as subsidiary organs, the Intergovernmental Group of Experts on Tungsten and the Intergovernmental Group of Experts on Iron Ore". Therefore it would be for the new Standing Committee on Commodities to decide at its first session, probably in October, on the establishment of the Intergovernmental Group of Experts on Tungsten. In this context, the new Standing Committee will clearly review the work of the Committee on Tungsten and take account of the outcome of the present Ad Hoc Meeting. The first meeting of the Intergovernmental Group of Experts on Tungsten was currently expected to take place from 7 to 11 December 1992.

I. CONSIDERATION OF PROJECT PROPOSALS BY GOVERNMENTS AND INDUSTRY WHICH COULD BE SUBMITTED FOR POSSIBLE FINANCING UNDER THE SECOND ACCOUNT OF THE COMMON FUND FOR COMMODITIES (agenda item 3)

4. In his introduction of project proposals for possible financing by way of grants under the Second Account of the Common Fund, the representative of China said that all the proposals put forward by China were high-tech research and development projects dealing with cemented carbide. Taking into account the written comments provided by different countries, his country had revised the three project proposals as contained in TD/B/CN.1/TUNGSTEN/AC.2. The object of those three projects was to enhance the performance of cemented carbide, extend its durability, increase its competitiveness with substitutes, improve structural conditions in markets, promote the diversification of tungsten products and expand the areas of utilization of tungsten. The success of these projects would be beneficial to all countries. He therefore believed that they were in conformity with the criteria for appraisal of projects submitted to the Common Fund for Commodities and the principles of operation as contained in the Rules and Regulations for the Operation of the Second Account of the Fund.

5. He further stated that these projects, once approved, would be executed specifically by Zhuzhou Cemented Carbide Industry Corporation of China, which had already done considerable preparatory work and made an initial investment. With the technological expertise of this corporation, its further investments and, more importantly, the financing of the Common Fund, these projects would enjoy the maximum likelihood of success. The resultant products would be mainly oriented to supply the big domestic market in China.

6. In closing, he stated that, as a developing country, China attached great importance to the three projects and therefore he expected that they would be accorded the full support of all delegations. He then invited the senior industry experts in his delegation to elaborate on technical aspects of the project proposals and answer any questions raised by delegations.

7. The representative of the International Tungsten Industry Association (ITIA) introduced a project proposal entitled "Health and Environmental Effects Testing of Tungsten Materials", for possible financing under the Second Account of the Common Fund. In elaborating the proposal, ITIA had borne in mind particularly criteria adopted by the Committee in 1991 for the appraisal of projects. The overall objective of the project was to develop a comprehensive set of health and environmental data on tungsten materials and to determine the degree of toxicity and potential hazard of tungsten compared to other competing materials. On the basis of the findings, tungsten users and producers would be able to minimize adverse effects and develop appropriate worker safety, public health and environmental protection measures. The project was thus expected to have positive environmental and social effects. In his opinion, the knowledge gained from the project research would also be valuable in promoting the use of tungsten against competitive materials.

8. In introducing the informal discussion on project proposals, the Chairman drew attention to the fact that the report of the Ad Hoc Meeting would be submitted to the envisaged Intergovernmental Group of Experts on Tungsten for consideration at its first session, and that the Group of Experts would take the final decision on the report.

Consideration of Project Proposals in Informal Discussions*

9. During the informal discussions, questions were raised concerning the novelty of the processes proposed in the three Chinese projects. Regarding the first project, concerning ultra-fine WC powders and cemented carbide, some participants noted that powder grades were already available on the market for a grain size of 0.5 micrometers. As for powder grades with a grain size of 0.3 micrometers, these grades had been developed in laboratories. With respect to the second Chinese project, concerning cemented carbide doped with rare earth, doubts were raised whether the product resulting from the research proposed would lead to an increase in consumption. With regard to the third project, the view was expressed that the proposed research route was based on classical heat treatment methods.

10. In response, the representative of China explained that as far as the first project was concerned, the standards for the determination of TRS strength were different from those existing in Europe, Japan and the United States. If the project were examined on the basis of European standards, the TRS strength resulting from the proposed project would produce powder products with a greater strength than those currently available. Concerning the second project, he explained that the aim was to develop a new product for increasing product efficiency and productivity; thus it had a great market potential, not only in China but also worldwide. With regard to the question of an increase in consumption, the factor of efficiency as well as sustainable development should be taken into account. As for the third project, he pointed out that it would make use of a dual-purpose furnace which would combine both vacuum sintering and quenching heat treatment of cemented carbide to improve its toughness and service life by more than double and TRS by 10 to 30 per cent.

11. In summing up the discussions on the three Chinese projects, the Chairman indicated that it has been suggested that China would prepare a table expressing the TRS standards of its new products in terms of Western standards. The Chinese representative stated that technically and legally speaking, it would be difficult for the Chinese delegation to accomplish this task by the first session of the Intergovernmental Group of Experts on Tungsten. While the Chairman noted that the stated objective was to improve the industry structure, it seemed that the project would benefit mostly the Chinese market, as had been noted by some speakers. Regarding the second project, there was great interest during the discussion in the development of cemented carbide doped with rare earth because of its novelty and its potential to improve efficiency in material use in an environment-conscious world. It was agreed that the project should be completed by providing details on potential market niches for this product. As to the third project, it was felt that China should provide more details on the new process of heat treatment of cemented carbide by the research route proposed.

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*cf. paragraph 23.

12. Regarding the budgetary aspects of the projects, it was agreed that the budget breakdowns should include an item on the number of hours during which the new equipment would be in use for the duration of the projects and the projects be billed accordingly. About the contingency expenses, it was proposed that these expenses should be equal to 5 per cent of project cost excluding equipment. It was also noted that the budgetary breakdowns did not include the cost of China's own inputs. If the latter cost were included, it would increase China's own contributions to its projects. In the light of the discussions, the Chairman noted that a consensus existed on the above points and suggested that the Chinese delegation revise the budgetary breakdowns accordingly.

13. Several representatives suggested that, in order to foster international cooperation, engineers of other countries, preferably developing countries, also be given an opportunity to participate in the projects. While such cooperation was welcome, it was stressed that it should be able to make a concrete contribution to the projects. Noting the national aspects of the first project, doubts were raised by some participants as to whether the Common Fund would be willing to finance it under the Second Account. In principle, the delegations had responded positively to the technical aspects of the second project presented by China. However, this response was subject to reservations concerning the details on the market niches for tungsten carbide powder doped with rare earth as well as the restructuring of the budgetary details, as noted above. With regard to the comments on Chinese projects made by participants, the representative of China stated that the concerned authorities in China would like to study them further and take follow-up actions, as appropriate. It was also agreed that any comments and questions regarding the Chinese projects should be communicated to China before 31 October 1992 with a copy sent to the UNCTAD secretariat and interested countries. Final conclusions on the Chinese projects should be made at the first session of the expected Intergovernmental Group of Experts on Tungsten.

14. Regarding the ITIA project, which was submitted in accordance with the procedures agreed by the Committee on Tungsten, concern was expressed by some participants that the project document had not been available in sufficient time for it to be studied in detail in capitals. The document had not been available in Chinese but the Chinese authorities were willing to consider this project and to make comments. Regarding its technical aspects, there were favourable comments from several delegations. Some additional explanations were requested regarding expenses relating to travel. It was also suggested that additional sources of finance might be explored to give the project a more international and co-financing character. Concering policy aspects, some questions were raised on the choice of laboratories and whether similar research work was not being conducted elsewhere.

15. In order to expedite consideration of this project, it was agreed that capitals which had queries on the project should write directly to the ITIA by 31 October 1992 with a copy to the UNCTAD secretariat and to interested countries. In summing up the discussion, the Chairman recognized that opinion was generally positive regarding the project's technical and budgetary aspects, but it was also noted that contributions from ITIA members would facilitate the eventual approval of the project by the Common Fund. As

regards policy aspects, some delegations were of the view that the ITIA project seemed to comply with the criteria established by the Committee on Tungsten at its twenty-third session for the submission of projects for consideration by the Common Fund. It was generally felt that the results obtained from the project experiments should be made available by the laboratory to all interested parties.

II. ORGANIZATIONAL MATTERS

A. Opening of the session

16. The Ad Hoc Meeting on Tungsten was opened on 2 July 1992 by Mr. E. Orbegozo (Spain), Chairman of the Committee on Tungsten at its twenty-third session, who also served as chairman of the Ad Hoc meeting.

B. Adoption of the agenda

(agenda item 2)

17. At the opening meeting, the Ad Hoc Meeting on Tungsten adopted the provisional agenda circulated in TD/B/CN.1/TUNGSTEN/AC/1, as follows:

1. Opening of the Ad Hoc Meeting

2. Adoption of the agenda

3. Consideration of project proposals by Governments and industry which could be submitted for possible financing under the Second Account of the Common Fund for Commodities

4. Other business

5. Adoption of the report of the Ad Hoc Meeting.

C. Membership and attendance*

18. The following States members of UNCTAD were represented at the session: Austria; Belgium; Bolivia; China; France; Germany; Japan; Netherlands; Philippines; Russian Federation; Rwanda; Spain; Sweden; Thailand; Turkey; United Kingdom of Great Britain and Northern Ireland; United States of America.

19. The following State member of UNCTAD attended as observer: Norway.

20. The following specialized agency was represented at the session: International Monetary Fund.

21. The following intergovernmental organization was represented at the session: European Economic Community.

22. The following non-governmental organization was represented at the session: Special Category: International Tungsten Industry Association.

D. Adoption of the report of the Ad Hoc meeting on Tungsten

23. At its 2nd (closing) plenary, on 3 July 1992, the Ad Hoc Meeting adopted the draft report (TD/B/CN.1/TUNGSTEN/AC/L.1) and agreed that the Chairman's Summary of the informal discussions would be incorporated into the report under Chapter I.

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*For the list of participants, see TD/B/CN.1/TUNGSTEN/AC/INF.1.